

**From:** Steve Lippman <slippman@trilliuminvest.com> on 04/06/2004 12:10:57 AM  
**Subject:** Regulation BB - Community Reinvestment Act

April 5, 2004

Docket No. 04-06  
Communications Division  
Public Information Room, Mailstop 1-5  
Office of the Comptroller of the Currency  
250 E St. SW,  
Washington 20219

Docket No. R-1181  
Jennifer J. Johnson  
Secretary  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue, NW  
Washington DC 20551

Robert E. Feldman  
Executive Secretary  
Attention: Comments  
Federal Deposit Insurance Corporation  
550 17th St NW  
Washington DC 20429

Regulation Comments, Attention: No. 2004-04  
Chief Counsel's Office  
Office of Thrift Supervision  
1700 G Street NW  
Washington DC 20552

Dear Officials of Federal Bank and Thrift Agencies:

Trillium Asset Management is a 20-year old socially responsible asset management firm, with a strong commitment to socially responsible investment and community investment. We are one of only a few active asset management firms with more than 1% of assets under management in community investment instruments. (At Trillium Asset Management, all community investments are client-directed. Our investment team provides both analytical and administrative support to clients wishing to direct capital to underserved communities. Trillium Asset Management analyzes investment opportunities with community development banks, credit unions, loan funds, and other non-profit organizations.) We also encourage many of the private banks, insurance companies, and other financial institutions we invest in to engage in responsible lending practices and vigorously meet their

obligations under the Community Reinvestment Act (CRA).

Given our support for community investing and the goals of the CRA, we are writing to express our strong concern regarding some of the pending proposed changes to CRA regulations. While we support the proposed expansion of data collection and reporting for small businesses and home lending, we have significant concerns about certain other elements of the proposal. In particular, we have concerns about the detrimental impacts of the proposed weakening of CRA exams for banks with assets between \$250 million and \$500 million. We strongly feel that implementation of the CRA program would be better served if this element of the proposal was withdrawn. In fact, we would like to see the final rules strengthen CRA exams by requiring financial institutions to include all affiliates, in order to prevent manipulation of CRA exam results. We also have concerns that the predatory lending screen proposed fails to protect individuals from many types of abusive lending practices, including packing of fees into mortgage loans, high prepayment penalties, loan flipping, and mandatory arbitration.

We strongly believe the proposed changes under consideration seem contrary to the CRA statute and threaten to hinder progress made in community reinvestment. The proposed changes also seem to thwart the Bush Administration's goals of improving the economic status of immigrants and creating 5.5 million new minority homeowners by the end of the decade. Instead, the proposed CRA changes would facilitate predatory lending and reduce the ability of the general public to hold financial institutions accountable for compliance with consumer protection laws. As an institution committed to promoting community investment in the U.S., and asking the private banks and financial institutions we invest in to be accountable to do the same, we urge you to strengthen rather than weaken CRA protections for low- and moderate-income Americans and communities.

Thank you for the opportunity to provide comments on this important issue.

Sincerely,

Steve Lippman  
Senior Social Research Analyst  
Trillium Asset Management, Inc.  
Boston, MA